Petition

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No. 81-1006

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

VIBRANT SALES, INC.,

Petitioner,

—against—

THE NEW BODY BOUTIQUE, INC.,
MAXIMUM EXPOSURE ADVERTISING INC.,
HARVEY S. FISHMAN and AVRAM C. FREEDBERG,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Petitioner, Vibrant Sales, Inc., asks that a writ of certiorari issue to review the judgment of the Court of Appeals for the Second Circuit, entered on June 29, 1981.

QUESTION PRESENTED FOR REVIEW

Whether defendants-respondents ("defendants") violated Section 43(a) of the Lanham Trademark Act of 1946 ("Lanham Act") by:

1. utilizing in defendants' mail order advertisements (published before defendants had any product to sell), a photograph of plaintiff-petitioner's ("plaintiff") product;
2. palming off plaintiff's history, test results and commercial success of plaintiff's product as if it were defendant's; and,
3. depicting models similar in appearance and pose to the models in plaintiff's advertisements, and utilizing artists' sketches and photographs of models wearing plaintiff's

products;

all of which created proven actual confusion and likelihood of confusion in the mind of the consumer?

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OPINIONS BELOW

The opinion of the Court of Appeals is reported at 652F2d 299. The opinion of the District Court for the Southern District of New York (Lasker, J.) is reported at 596 F.Supp. 854. Both opinions are reproduced in the Appendix accompanying this Petition.

JURISDICTION

The Court of Appeals rendered its decision on June 29, 1981. A timely petition for rehearing was denied by the Court of Appeals on August 20, 1981. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTE INVOLVED

Section 43(a) of the Lanham Act 15 U.S.C. §1125(a) provides:

> "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

STATEMENT OF THE CASE

Since early 1979, plaintiff has been in the business of selling waist reducing belts. In September, 1979, plaintiff entered into a Joint Venture Agreement with Fishman and Freedberg's company, defendant Maximum Exposure Advertising, Inc. ("MEA") for a joint marketing effort of plaintiff's belt. Defendants Fishman and Freedberg are principals of the defendant MEA.

Various grievances arose grounded upon defendants' failure to perform their obligations under the Joint Venture Agreement and plaintiff sent MEA a termination letter dated March 31, 1980. The parties thereafter entered into a Buyout Agreement providing for the winding down and termination of the Joint Venture. Among other things, the

Buyout Agreement provided that defendants would not sell a belt identical to that being sold by plaintiff.

With the ink barely dry on the Buyout Agreement, defendants Fishman and Freedberg caused the incorporation of The New Body Boutique, Inc. for the purpose of marketing a waist reducing belt. Their first advertisements, which showed photographs of plaintiff's belt and were otherwise confusingly similar to plaintiff's advertisements, as the District Court found, appeared early in May 1980 at a time when defendants had no belt to ship. The result has been an outpouring of customer correspondence indicating significant confusion and deception of the public.

As the District Court appropriately noted, this case presents the unique situation of actual confusion - as

opposed to mere "likelihood of confusion," as required under the Statute - being demonstrated. (See Page 5 of Opinion).

A comparison of defendants' advertisements with plaintiff's advertisements reveals the following:

1. The belt photographed in defendants' advertisements is plaintiff's actual belt and is the same belt which was photographed in and appeared in plaintiff's advertisements during the Joint Venture period.
2. The belts shown in the advertisements look the same.
3. The principal models shown in the advertisements look the same.

4. In several of their ads, defendants used artists' sketches from the prior joint venture of the parties (as to which defendants had contractually relinquished all rights) depicting a couple wearing plaintiff's belts.

5. Defendants utilized the actual history, test results, experience and success of plaintiff's belt to support the efficacy of their belt.

6. Defendants utilized photographs (also emanating from the prior joint venture as to which defendants relinquished all rights) of models wearing plaintiff's belt.

7. Defendants disparaged plaintiff's product, claiming theirs to be

the original and plaintiff's to be a mere look alike and an inferior imitation.

Based upon the foregoing facts, among others, plaintiff brought suit in the United States District Court for the Southern District of New York under Section 43(a) of the Lanham Act and under state law. Jurisdiction was based on 28 U.S.C. §1338(a) and (b).

Plaintiff moved for a preliminary injunction in the District Court. The hearing on the motion was consolidated, pursuant to Rule 65(a)(2), with a trial on the merits. After trial, the District Court (Lasker, D.J.) rendered its judgment in favor of plaintiff. On appeal, the Court of Appeals for the Second Circuit reversed.

REASONS FOR GRANTING THE WRIT

1. Emasculation of Section 43(a) of the Lanham Act. Actual Confusion By Use of Photograph of Another's Product, Among Others, Ignored.

The Court of Appeals decision in this case represents a dangerous precedent of monumental import. It represents an emasculation of the salutary protective provisions of Section 43(a) of the Lanham Act, permitting a veritable rip-off in the advertising media of another's product and the creation of rank confusion in the mind and eye of the public consumer.

Thus, this is the first case of which we are aware in which any Federal court has held that it is not a violation of Section 43(a) of the Lanham Act for a defendant to attempt to market his product by use of a photograph of another's -

here plaintiff's - product. The gravity and aberrational nature of the holding of the Court of Appeals is compounded by the facts that, in addition to utilizing a photograph of plaintiff's product, defendants also used the history, test results and commercial success of plaintiff's product, models similar in appearance and pose to the models in plaintiff's advertisements, and artists' sketches and photographs of models wearing plaintiff's product. All of this was done at a time when defendants had no product whatsoever to ship and it resulted in proven actual confusion and likelihood of confusion in the mind of the consumer.

2. Conflict Between the Second and Eighth Circuits.

Despite this record, the Court of

Appeals concluded that there was no violation of Section 43(a) apparently because the product eventually shipped by defendants might not have been inferior to plaintiff's product, photographs of which were shown in defendants' advertisements. We demonstrate below that among the special and important reasons for the granting of the writ is that there is a clear conflict between the decisions of the Second Circuit in this case and the Eighth Circuit in Truck Equipment Serv. Co. v. Fruehauf Corp., 536 F.2d 1210 (1976), cert. denied 429 U.S. 861 (1976). In addition, the Court of Appeals has decided an important question of Federal law which has not previously been, but should be, settled by this Court.

The crux of the Second Circuit's holding that defendants did not violate Section 43(a) by using a photograph of plaintiff's product is that there was no showing that defendants' product is inferior. Precisely this point was dealt with in the Fruehauf case, supra, and the result was precisely the opposite of the result reached by the Second Circuit in this case. Interestingly, the Second Circuit chose not to refer to the Fruehauf case despite the fact that, in our brief, we directed the Court's attention to the holding therein.

In Fruehauf, defendant used photographs of plaintiff's trailer in its sales literature to promote its entry into the hopper grain trailer market. The Fruehauf trailer was not inferior to plaintiff's trailer. 536 F.2d at

1214, n.2.

Defendant specifically argued that its use of photographs of plaintiff's product was privileged because its trailer was not inferior in quality to plaintiff's, and because there was no evidence that defendant's trailer was purchased by a consumer under the belief that the trailer was made by plaintiff. The Eighth Circuit specifically held, in language quoted at page 49 of our Brief in the Second Circuit, as follows:

> "The use of another's product, misbranded to appear as that of a competitor, has been repeatedly found to be 'a false designation of origin' actionable under §43(a). The fact that the products are of equal quality is not of dispositional significance." 536 F.2d at 1216 (Emphasis added).

Based upon this statement of well-established precedent, the Eighth

Circuit held that plaintiff's rights were violated by defendants' use of a photograph of plaintiff's product. The same result should have followed, a fortiori, in this case where there was proven confusion and where defendants usurped, in ads run at a time when they had no product, the history, test results and commercial success of plaintiff's product, models similar in appearance and pose to the models in plaintiff's advertisements, and artists' sketches and photographs of models wearing plaintiff's product - all of the foregoing being in addition to utilization of an actual photograph of plaintiff's product being passed off as defendants' own.

The conflict between the decision of the Second Circuit in this case and that of the Eighth Circuit in Fruehauf

is direct and clear. We also submit, however, that the decision of the Second Circuit in this case conflicts with L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649 (3d Cir. 1954). In L'Aiglon plaintiff complained of defendant's use of a photograph of plaintiff's dress indefendant's advertising. Plaintiff's dress sold for $17.95; defendant's dress was advertised for $6.95. The court held that the "complaint states about as plain a use of a false representation in the description of goods sold in commerce as could be imagined." 214 F.2d at 650. There is no indication in the L'Aiglon case that the result would have been any different if defendant had advertised its dress for the same price as plaintiff's dress and if the dresses were of equal quality. The

essence, as here, was the false description or representation.

In addition to the fact that the decision below is in direct conflict with the Eighth Circuit's decision in Fruehauf and the Third Circuit's decision in L'Aiglon, every other case that we have been able to find in which defendant used a photograph of plaintiff's product in its advertisement has resulted in a finding of a violation of Section 43(a). As one court succinctly stated:

> "It has repeatedly been ruled that the use of a photograph of another's product to advertise and sell one's own product constitutes a violation of Section 43(a)." Matsushita Electric Corp. v. Solar Sound Systems, Inc., 381 F.Supp. 64, 67 (S.D.N.Y. 1974).

Accord: Bangor Punta Operations, Inc. v. Universal Marine Co., 543 F.2d 1107 (5th Cir. 1976); Dawn Associates v. Links, 203 U.S.P.Q. 831 (N.D.Ill. 1978); Ebeling & Reuss v. Intern. Collectors Guild Ltd., 462 F.Supp. 716 (E.D.Pa. 1978); Crossbow, Inc. v. Dan-Dee Imports, Inc., 266 F.Supp. 335 (S.D.N.Y. 1967); General Pool Corp. v. Hallmark Pool Corp., 259 F.Supp. 383 (N.D.Ill. 1966); Ideal Toy Corp. v. Fab-Lu, Ltd., 261 F.Supp. 238 (S.D.N.Y. 1966); National Dynamics Corp., v. John Surrey, Ltd., 238 F.Supp. 422 (S.D.N.Y. 1962) (preliminary injunction granted) and 238 F. Supp. 423 (S.D.N.Y. 1964) (summary judgment granted in favor of plaintiff).

In short, it has always been accepted as hornbook law that the use of a photograph of another's product to advertise and sell one's own product constitutes a violation of Section 43(a). The decision of the Second Circuit in this case represents such a departure from the accepted and usual course of judicial proceedings in this area as to call for an exercise of this Court's power of supervision. It will result in the deprivation of the

salutary protective provisions of Section 43(a) in the prime circuit for commerce and commercial activity in the Country.

3. The Construction of the Statute by the Second Circuit is Contrary to the Congressional History and Intent. Absent Elucidation by this Court, and Effectuation of the Congressional Intent, Massive Commercial Mischief Will Result.

The decision below represents an absolute perversion of the congressional intent underlying Section 43(a). The question presented by this petition has never been passed upon by this Court. It is important that the Court resolve this question in a manner consistent with what has always been the law in this area prior to the decision below.

The Senate Report with respect to the Lanham Act is illuminating as to the congressional purpose. It states:

> "[W]here the owner of a trademark has spent energy, time and money in presenting to the

> public the product, he is protected in his investment from its misappropriation by pirates and cheats.... .
>
> Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trade-marks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not." Senate Report No. 1333, 1946 U.S. Code Cong. Serv., pp. 1274-75.

The above quoted material articulates the dual Congressional intent of protecting private parties while guarding the public interest. We address both below.

As to the private right protected by the Lanham Act, the Report recognizes the importance of guarding from pirates and cheats one who has spent

energy, time and money in presenting his product to the public. That policy is completely frustrated by the decision below, which literally permits anybody to take a photograph of someone else's product and use that photograph in an advertisement together with other material associating the ad with the plaintiff and thereby create confusion in the mind of the public. The newcomer is thus permitted to test the waters with a minimum investment, allowing it to trade upon the goodwill and reputation of the established concern. This is the precise sort of egregious conduct that the Lanhan Act in general and Section 43(a) in particular were designed to prevent.

The first public purpose articu-

lated by the Senate Report is to make available a choice between competing articles by enabling the buyer to distinguish one from the other. Defendants' advertisements did just the opposite. They intentionally copied plaintiff's product and misled the public to believe that plaintiff's product was their product (or theirs was plaintiff's) and did not permit one to be distinguished from the other. This was abundantly demonstrated here by the evidence of actual confusion. (See Page 5 of District Court opinion).

The second public policy stated by the Senate was to encourage the maintenance of quality "by securing to the producer the benefit of the good reputation which excellence creates." The holding below achieves the opposite result.

In short, the purpose of Section 43(a) "is to protect the public from deceit, to foster fair competiton, and to secure to the business community the advantages of reputation and good-will by preventing their diversion from those who have created them to those who have not."

As Senate Report No. 1303 (78th Cong.) page 4 explains:

> "The protection which is accorded is security against misrepresentation as to the origin of goods, by suppressing imitations which are calculated to mislead buyers into the belief that the goods of one maker are those of another."
>
> "There is no essential difference between trade-mark infringement and what is loosely called unfair competiton."
>
> * * *
>
> "The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another." Quoting from Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412.

To the same effect, see Senate Report No. 1333, U.S. Code Cong. Serv., p. 1276.

Analyzed in this light, the decision below is of significant importance because, aside from conflicting with previous decisions and in that sense being aberrational, it encourages unfair business practices which result in confusion and deceit of the public.

District Judge Lasker took pains to comment on the fact that actual public confusion had been proven in the instant case and noted that it was indeed a rarity for one to be able to prove actual - as opposed to mere likelihood - of confusion in a Lanham Act case. (See Page 5 of District Court opinion). In the final analysis, if this Court permits the decision below to become the law, it is inviting massive public confusion by encouraging unscrupulous business

opportunists to capitalize upon the goodwill developed by established concerns at significant expense.

The decision below conflicts with those of the Eighth Circuit in Fruehauf and the Third Circuit in L'Aiglon, represents a gross departure from 27 years of prior case law in the salutary interpretation and application of the Lanham Act, and presents an important question of Federal law that has not been, but should be, settled by this Court.

CONCLUSION

For the foregoing reasons we respectfully request that this petition for a writ of certiorari be granted.

Respectfully submitted,

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APPENDIX A

OPINION OF THE U.S. COURT OF APPEALS

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 744—September Term, 1980

(Argued: March 30, 1981 Decided: June 29, 1981)

Docket No. 80-7877

VIBRANT SALES, INC.,

Plaintiff-Appellee,

—against—

THE NEW BODY BOUTIQUE, INC., MAXIMUM EXPOSURE ADVERTISING INC., HARVEY S. FISHMAN and AVRAM C. FREEDBERG,

Defendants-Appellants.

Before:

WATERMAN and MANSFIELD, *Circuit Judges,* and B. NEWMAN, *Judge.**

Appeal from a decision of the District Court for the Southern District of New York entered by Judge Morris

* Of the U.S. Court of International Trade, sitting by designation.

E. Lasker holding that defendants had violated § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and had breached an agreement between plaintiff, Vibrant Sales, Inc., and defendants Fishman and Freedberg.

Reversed.

GEORGE B. YANKWITT, Esq., New York, NY (Floran L. Fink, Esq., Mark J. Sugarman, Esq., Robinson, Silverman, Pearce, Aronsohn & Berman, New York, NY, of counsel), *for Appellants.*

JACOB W. HELLER, Esq., New York, NY (Richard F. Horowitz, Esq., Heller, Horowitz & Feit, P.C., New York, NY, of counsel), *for Appellee.*

MANSFIELD, *Circuit Judge*:

In this action for unfair competition and breach of contract defendants The New Body Boutique, Inc., Maximum Exposure Advertising Inc. ("MEA"), Harvey S. Fishman, and Avram C. Freedberg appeal from a decision of the District Court for the Southern District of New York, entered by Judge Morris E. Lasker after a non-jury trial, holding that defendants, by selling a waist-reducing belt called "Shrink Wrap" in competition with a similar belt already being marketed by plaintiff Vibrant Sales, Inc. ("Vibrant"), under the name "Waist Away," violated § 43(a) of the Lanham Act, 15 U.S.C.

§ 1125(a),[1] and breached an agreement between Vibrant and defendants Fishman and Freedberg (MEA's assignees), entitling Vibrant to permanent injunctive relief.

We reverse. Since Vibrant's Lanham Act claim alleged that defendants' actions amounted to a false designation of origin, a violation could only have been made out if it had been shown that Vibrant's "Waist Away" belt (which defendants allegedly copied) had acquired secondary meaning and that the features allegedly copied were non-functional in nature. No such finding was or could have been made. The district court's decision on the Lanham Act allegation was therefore incorrect. The district court also erred in its interpretation of the agreement on which Vibrant's contract claim was based.

In late 1978 or early 1979, Isaac Bikel, Vibrant's principal owner, began marketing a waist-reducing belt called "Waist Away" on a limited scale. This original belt, which was never patented or trademarked, consisted of a strip of thick black rubber which could be fastened around the waist by the use of a set of Velcro fasteners. In order to increase sales, Vibrant entered into a joint venture agreement with MEA on September 4, 1979.

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[1] "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

Under the terms of that agreement, MEA was to market Vibrant's Waist Away belt nationwide.

By the end of 1979 the joint venture was enjoying considerable success as a result of MEA's extensive advertising campaigns.[2] Despite this prosperity, the joint venturers had a falling out early in 1980 and determined to end their relationship. After extensive negotiations in which both sides were represented by counsel, a "Termination Agreement" ("Agreement") was executed which provided that MEA's assignees, Fishman and Freedberg, should relinquish their half interest in the joint venture to Vibrant for the sum of $1,250,000 cash, the greater part of which represented sales already consummated but not yet accounted for to the joint venturers. The Agreement contained a clause which defined MEA's continuing right to compete in the waist-reducing belt market in the future (the "freedom-to-compete" clause):

> "Sellers, MEA and any organization or other entity organized by Sellers, shall be free, without restriction or claim by the Purchaser, to sell, advertise, market, manufacture, distribute or promote, by mail order or otherwise, . . . a reducing belt or other similar or related products, except that:
>
> "(a) the name 'Waist-Away' shall not be used in any advertisement to describe any product, except as may otherwise be authorized herein;
>
> "(b) The name 'Vibrant' and 'Vibrant Sales' shall not be used, except as may be authorized herein;

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2 It is important to note, however, that the belt primarily being marketed by the joint venture was not the original all-black belt that Mr. Bikel had first developed. It was instead a cheaper belt made of distinctly thinner rubber covered on one side with blue nylon.

"(c) *The likeness of the persons depicted in the advertisement annexed hereto as Exhibit B shall not be used;*

"(d) *A belt identical in all respects to the Waist-Away Belt currently being shipped by Purchaser shall not be marketed or manufactured by Sellers or MEA.* For this purpose the parties hereto agree that *belts differing in any respect whatever,* including, but not limited to different fastening system, a different texture, dimensions, or otherwise differing in any respect whatever, *shall not be deemed to be an identical product."* (Emphasis supplied).

Soon after the Agreement was executed, defendants Fishman and Freedberg began marketing their own waist-reducing belt through a company called The New Body Boutique, Inc. The belt was called "Shrink Wrap," and was similar to the all-black belt marketed prior to the joint venture by Isaac Bilek. In response, Vibrant filed this suit on May 28, 1980.

The complaint, invoking § 43(a) of the Lanham Act, and New York common law, alleges that plaintiff's "Waist Away" belt is original and unique; that it has "come to be associated by the consuming public with plaintiff as the source of origin of said belt"; that defendants' advertisements picture a belt identical to that marketed by plaintiff, representing an attempt "wrongfully to pass off as theirs" the belt sold by plaintiff; that defendants' conduct is likely to cause confusion, mistake and deception as to "the source of origin of the belts being advertised by defendants"; and that defendants' purpose is "to induce the purchasing public to believe that defendants' products are the original", with a view of "trading upon plaintiff's good will and reputation

and of passing off plaintiff's [sic] products as and for the products of defendants [sic]". This conduct is alleged to constitute a false designation of origin and a false description and representation of the product offered for sale, in violation of § 43(a). Additional claims alleged that defendants' conduct breaches the Agreement, violates § 368(d) of the N.Y. General Business Law, and constitutes fraud. (The last two claims are not before us on this appeal.) Plaintiff seeks compensatory and punitive damages and injunctive relief.

The district court, finding for the plaintiff on both the Lanham Act and breach of contract claims, concluded that defendants had "violated the Lanham Act . . . by advertising Shrink Wrap in a manner which falsely designates its origin." The court's finding on this point was based on several facts: (a) defendants on one occasion "used a photograph of plaintiff's belt in defendants' advertisement with the result that the advertisement has actually confused and is likely to continue to confuse the public as to the source of origin of defendants' belt"; (b) "[t]he appearance of the models in the defendants' ads is also of such striking similarity to that of the appearance in the plaintiff's ads to create a likelihood of confusing the public as to the origin of the designation of the products respectively advertised"; (c) letters from customers showed that some members of the public were actually confused about the origin of the two belts; and (d) while the all-black belt being sold by defendants was not identical in all respects to the blue belt primarily being sold by plaintiff, the differences were not visible in magazine advertisements, and in any case "there is no proof, nor even a contention that the color [or materials used] has any functional significance."

Turning to the breach of contract claim, the district court held that defendants had breached the Agreement in two respects. First, it found that defendant had marketed "[a] belt identical in all respects to the Waist-Away Belt currently being shipped by Purchaser", since the all-black belt did not differ in any material way from the blue belt. The court rejected defendants' argument that the language of the Agreement should be read literally on this point, because that would have the effect, in the court's opinion of "repeal[ing] *pro tanto* the public's right under the Lanham Act to be protected against false designation of origin", and because such a reading would totally eliminate "a right of protection" which the contract had been designed to confer on Vibrant.

Second, the court found that defendants had also breached the Agreement by using in their advertisements photographs of models who were similar in appearance to those used by plaintiff. The court held that the language of the Agreement prohibiting defendants from using "the likeness of the persons depicted in [plaintiff's] advertisements" did not mean that defendants were free to use any models other than those used in plaintiff's ads, but instead ruled out the use of "any persons who substantially resemble the models appearing in the Vibrant photograph." It found support for its conclusion on this point both in the language of the Agreement itself, and in the fact that any other reading would reduce the level of protection conferred by the Agreement on plaintiff while increasing the chances of confusion as to source of origin which § 43(a) was designed to prohibit.

By order dated October 9, 1980, Judge Lasker granted Vibrant broad permanent injunctive relief "without prejudice to plaintiff's other rights and remedies"; defendants appeal.

DISCUSSION

Section 43(a) of the Lanham Act contains two separate prohibitions: one against false designation of origin, and another against false description or representation. See Comment, *The Present Scope of Recovery for Unfair Competition Violations Under Section 43(a) of the Lanham Act,* 58 Neb. L. Rev. 159, 161 (1978). An action like the present one, which is predicated almost entirely on the false designation of origin leg of § 43(a), can only succeed if the features allegedly copied have acquired secondary meaning in the marketplace and are non-functional.[3] See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979); *Ives Laboratories, Inc. v. Darby Drug Co.*, 601 F.2d 631 (2d Cir. 1979), *on remand,* 488 F. Supp. 394 (E.D.N.Y. 1980), *rev'd on other grounds,* 638 F.2d 538 (2d Cir. 1981); *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215 (8th Cir.), *cert. denied,* 429 U.S. 861 (1976).

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3 Throughout this action, plaintiff has placed its reliance on the false designation of origin leg of § 43(a), where the requirements of secondary meaning and non-functionality clearly exist. However, even if the action had been pursued as one for false description or representation (where admittedly the concepts of secondary meaning and non-functionality are not relevant) plaintiff could not have succeeded. None of the allegations in plaintiff's complaint which could have been read as applying to a false description or representation case would lead to relief. Paragraphs 29, 34, and 35, which essentially allege that defendants' ads "wrongfully, unfairly and deceptively admonish[ed] the public: 'Don't be fooled by look-alikes that deliver less' " would not be helpful to plaintiff, because disparagement of another's product is not cognizable under § 43(a). See, e.g., *Bernard Food Industries, Inc. v. Dietene Co.*, 415 F.2d 1279 (7th Cir. 1969), *cert. denied,* 397 U.S. 912 (1970). Paragraph 36, which complains that defendants' actions diluted the value of plaintiff's reputation and good will, would also not have supported plaintiff's Lanham Act claim, because it was undisputed at trial that defendant's product was at least as good as any belt sold by plaintiff.

The requirement of proof of secondary meaning flows logically from § 43(a)'s somewhat anomalous position in the Lanham Act. As the only provision in the Act which is not limited to registered marks, 43(a) may be invoked by claimants whose unregistered marks do not possess the presumptive source association of a registered trademark. See Comment, *Generic Drug Laws and Unfair Competition Claims Under the Lanham Act—An Uneasy Alliance:* Ives Laboratories, Inc. v. Darby Drug Co., 33 Rut. L. Rev. 227, 237 (1980). As a result, a claimant suing under 43(a) is routinely required to show secondary meaning in order to convince the court that the defendant's copying has had the effect of communicating a *"false* designation of origin". As one observer has written:

> "Unless the public has come to know a particular mark as indicating a particular source of origin, a finding of the requisite falsity would be anomalous since there would be no standard against which to measure such falsity." Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come a Long Way, Baby—Too Far, Maybe?,* 49 Ind. L.J. 84, 103 (1973).

The additional requirement that copied features must be non-functional if the copying is to come within the prohibition of § 43(a) reflects the concern that first-comers not be allowed to prevent the widespread use of useful but non-patentable features. As one commentator has put it:

> "The doctine of functionality is intended to permit the general use of features having value independent of identification; and the functionality of the copied

> feature supplies an explanation for the copying other than merely trading on the plaintiff's goodwill." *Developments in the Law—Competitive Torts*, 77 Harv. L. Rev. 888, 918 (1964).

When combined, the requirements of secondary meaning and non-functionality serve the salutary purpose of limiting § 43(a) claims to those situations in which unique or distinctive identifying features associated with a single manufacturer are being copied.

The district court, apparently laboring in the belief that evidence of mere confusion was sufficient to justify invoking § 43(a) to support a claim of false designation of origin with respect to a product having no registered mark, overlooked or ignored the requirements of secondary meaning and non-functionality. Such a reading is incorrect and would confuse § 43(a) with § 32 of the same Act. 15 U.S.C. § 1114. The latter section, which provides the basic remedy for one whose registered mark has been copied, explicitly allows recovery based on copying which "is likely to cause confusion." By contrast, § 43(a) at no point employs the language "likely to cause confusion", and the relevant case law does not incorporate that test by analogy. See, e.g., *Universal City Studios, Inc. v. Sony Corp.*, 429 F. Supp. 407, 409 (C.D. Cal. 1977) (false representation context). The reason for the difference in treatment is clear: registered marks are presumed to represent the source in the minds of the public, whereas unregistered marks are not, absent a showing of secondary meaning.

When the proper standards for judging a § 43(a) claim are applied to the facts of this case, it is clear that plaintiff cannot prevail. Since plaintiff concededly made no attempt to adduce any evidence that its product's

appearance or methods of advertising had acquired secondary meaning, its Lanham Act claim should have been dismissed. While it is therefore unnecessary for us to go on to the question of functionality, we are persuaded that plaintiff's claim should have been dismissed on that ground as well. All of the design elements cited by plaintiff as making its product unique (the particular rubber used, the Velcro fastener, the graduated sizes, the belt's alleged reversibility, and the "distinctive 3 box configuration on the front" produced by the stitching which attaches the Velcro strips to the belt) are functional and therefore subject to copying. None of the features mentioned could properly be classified as "a mere arbitrary embellishment . . . adopted for purposes of identification and individuality," *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952). They are therefore beyond the scope of the protection which § 43(a) affords.

On this appeal plaintiff argues that since the district court found that defendants used a photograph of plaintiff's belt in one of their ads it must prevail on its § 43(a) claim, because "[i]t is by now hornbook law that Section 43(a) is violated when a party attempts to market a product by use of a photograph of the product of another." Although such conduct may give rise to liability, it is not automatic. One who uses a photograph of his competitor's unpatented and untrademarked product to advertise his own wares may be guilty of false representation if the product pictured is not identical to the one he is prepared to deliver. This was central to the Third Circuit's seminal decision in *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954), where the defendant made use of a picture of the plaintiff's $17.95 dress to advertise its own inferior $6.95 dress. Second, he may be vulnerable to a charge of false designation of origin if

the features pictured in the photograph are non-functional and have acquired the secondary meaning necessary to indicate origin to the typical consumer. See, e.g., *Crossbow, Inc. v. Dan-Dee Imports, Inc.*, 266 F. Supp. 335 (S.D.N.Y. 1967), where the defendant carefully copied the plaintiff's popular signal light and, because of its distinctively novel design, its copies were widely believed to have been made by the same manufacturer as the heavily advertised original.

On the facts of this case, defendants cannot be said to have committed either sin. Unlike the dressmaker in *L'Aiglon*, defendants admittedly shipped exactly what they depicted in their ads. See *Mastro Plastics Corp. v. Emenee Industries, Inc.*, 16 A.D.2d 420, 228 N.Y.S.2d 514 (1st Dep't 1962); *George O'Day Associates, Inc. v. Talman Corp.*, 206 F. Supp. 297 (D.R.I.), *aff'd*, 310 F.2d 623 (1st Cir. 1962), *cert. denied*, 372 U.S. 977 (1963). And, unlike the copier of novelty lights in *Crossbow*, defendants are not trading improperly on an existing market impression that its goods are actually those manufactured by plaintiff, because there was no showing of secondary meaning here. Although some customers may have believed that defendants' product came from the same source as that of plaintiff, they did so not because of any distinctive, unique or non-functional mark or feature but because plaintiff's functional product was the only one with which they were acquainted, due undoubtedly to plaintiff's advertising. This is not enough to entitle plaintiff to relief under § 43(a) of the Lanham Act. As Judge Bartels recently noted in *L & L White Metal Casting Corp. v. Joseph*, 387 F. Supp. 1349, 1356 (E.D.N.Y. 1975):

> "In order for the plaintiff to succeed in its claim under [§ 43(a)], it must show that the casting de-

> picted in the photograph is so distinctively associated with the plaintiff that it operates much in the manner of a trademark and that the use of the photograph is likely to result in deception or confusion as to the representation or origin of the goods sold."

To the extent that some of the language in *Matsushita Electric Corp. v. Solar Sound Systems, Inc.*, 381 F. Supp. 64 (S.D.N.Y. 1974), can be read to look the other way, we do not choose to approve it. We also note that there, as in *L'Aiglon*, the copied product was inferior to the original, which is not the case here.

We next move to plaintiff's breach of contract claim, which turns on the interpretation to be given to the earlier-quoted provisions of the Termination Agreement. At the outset, since defendants did not violate the Lanham Act by selling a belt which consumers might have difficulty distinguishing from plaintiff's original belt, the court's concern that a straightforward interpretation of the Agreement would repeal *pro tanto* "the public's right under the Lanham Act to be protected against false designation of origin" is unfounded. When the Agreement is examined within its four corners, free from any concern that Lanham Act protection must be "saved", the lower court's reading becomes untenable. The Agreement clearly grants to defendants the right to market a waist-reducing belt in the future as long as it is not "identical in all respects" with the Waist Away being shipped on March 31, 1980.[4]

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[4] Plaintiff argues on appeal that this provision of the Agreement was intended by the parties to cover both its blue belt and its original all-black belt. We see no reason to disturb the district court's factual finding that it was the blue belt which was "primarily" being shipped by plaintiff at the time of the Agreement. Since the Agreement specifically referred to "the" Waist Away Belt, it is hard to see how two

Even a casual examination of the two belts demonstrates that they are not identical in all respects, and in fact differ substantially in appearance, texture, and construction. No persuasive reason is offered for reading the plain language of the Agreement differently. Judge Lasker's contrary result was based in part on his concern that plaintiff not be left without any protection at all against future competition from defendants, since "[t]he contract clearly purports to confer to a right of protection on Vibrant." Here we must disagree. There is no evidence that the freedom-to-compete clause was designed only to protect Vibrant.[5] On the contrary, the text of the Agreement, negotiated at arm's length by counsel, was intended to confer benefits on both sides, with the freedom-to-compete clause being aimed at protecting the defendants' future rights at least as much, if not more so, then those of Vibrant. Although Vibrant was obligated under the Agreement to pay defendants a substantial sum ($1,250,000), in return it was acquiring defendants' half-interest in the joint venture, whose impressive sales made up to March 1980 but not yet accounted for indicated that the Agreement was more in the nature of a settlement of

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belts could have been included within its coverage. We therefore conclude that the "identical in all respects" test should be applied to the blue belt and defendants' black belt, and that the original black belt was not within the contemplation of this portion of the Agreement.

5 Plaintiff appears to argue on appeal that the key provisions of the Agreement should be read favorably to it because it was coerced into signing the Agreement. The argument is frivolous. Plaintiff's principal, Mr. Bikel, is hardly a business neophyte. He was represented by counsel throughout the negotiations which led to the Agreement. In any case plaintiff's remedy, if it thinks it was coerced into signing, is not enforcement after creative rewriting, but avoidance. 1 Corbin on Contracts § 6 at 12 & n.6 (1963). Absent a request to avoid, we decline to consider the argument further.

past accounts than an effort to preclude future competition on defendant's part. There is therefore no reason why the plain language of the freedom-to-compete provision should be twisted out of shape in an effort to reach the court's concept of an "equitable" result.

Finally, we reject the district court's reading of the freedom-to-compete provision as barring defendants' use of models similar in appearance to those used by plaintiff. With all respect, we have difficulty seeing how the clause

> "The likeness of the persons depicted in the advertisement annexed hereto as Exhibit B shall not be used"

can be read to apply to persons other than those depicted in Exhibit B. In any case, our reading finds strong independent support in defendants' uncontested assertion that during the negotiations leading up to the signing of the Agreement a request was made that photographs depicting additional couples be added to the one already included in Exhibit B, and that the request was rejected. In the light of all these circumstances, we are convinced that defendants' use of a photograph depicting a couple similar in appearance to the one used by plaintiff did not breach the Agreement.

The order of the district court is reversed.

APPENDIX B

ORDER OF THE U.S. COURT OF APPEALS DENYING PETITION FOR REHEARING

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

At a stated term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse, in the City of New York, on the 20th day of August , one thousand nine hundred and eighty-one.

VIBRANT SALES, INC.,

Plaintiff-Appellee,

-v- No. 80-7877

THE NEW BODY BOUTIQUE, INC., MAXIMUM EXPOSURE ADVERTISING INC., HARVEY S. FISHMAN and AVRAM C. FREEDBERG,

Defendants-Appellants.

A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the plaintiff-appellee, Vibrant Sales, Inc.,

Upon consideration by the panel that heard the appeal, it is

ORDERED that said petition for rehearing be DENIED.

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge on the panel that heard the appeal and that no such judge has requested that a vote be taken thereon.

A. Daniel Fusaro
Clerk

APPENDIX C

OPINION OF THE U.S. LISTRICT COURT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
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VIBRANT SALES, INC.,

Plaintiff,

-against- 80 Civ. 3019(MEL)

THE NEW BODY BOUTIQUE, INC., MAXIMUM EXPOSURE ADVERTISING, INC., HARVEY S. FISHMAN and AVRAM C. FREEDBERG,

Defendants.
----------X

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LASKER, D.J.

In February 1979, Vibrant Sales, Inc. ("Vibrant") began the manufacture and marketing of a "waist reducing belt" under the name [1] "Waist Away," which purported to trim the wearer's excessive girth without dieting or exercise. Vibrant marketed its belt through mail-order magazine advertising, using a photograph of a youthful man and woman together, both wearing Waist Away belts and bathing suits (hereinafter the original Vibrant photograph).

On September 4, 1979, Vibrant entered a joint venture agreement with Maximum Exposure Advertising "(MEA") to pursue a national marketing campaign. By March 13, 1980, the relationship between Vibrant and MEA had so deteriorated that Vibrant sent a letter to MEA terminating the joint venture. An agreement to that end was entered March 31, 1980. By its terms Vibrant bought MEA's interest in the joint venture for approximately $1,250,000.; [2] the termination agreement nevertheless authorized MEA to market a waist reducing belt not "identical in all respects to the Waist Away Belt currently being shipped by [Vibrant]" and to advertise its belts so long as it did not use the "likeness of the persons depicted" in the original Vibrant photograph.

Vibrant brought this action on May 28, 1980 against MEA, its principals Harvey S. Fishman and Avram C. Freed-

berg, and New Body Boutique, Inc. ("New Body"), the corporation created by them after the termination of the joint venture. Vibrant contends that defendants have violated section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and breached the termination agreement [3/] by marketing a belt "identical" to the Waist Away belt, publishing advertisements of New Body's Shrink Wrap which include a picture of models whose likeness is the same as that of the models in the original Vibrant ad and who are wearing Vibrant's belt.

Defendants answer that their belt is not "identical" to Vibrant's because it is a different color and made of different material and that the models in their advertisement do not bear "the likeness of the persons depicted" in Vibrant's ad.

Pursuant to Rule 65 of the Federal Rules of Civil Procedure trial of Vibrant's claims was consolidated with the hearing on its motion for a preliminary injunction.

I. The Lanham Act

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) provides

> "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall

> with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

Vibrant contends that defendants have violated this section by selling a belt confusingly similar to Waist Away, by using a photograph of a Waist Away belt in Shrink Wrap advertisements and by using advertisements which contain pictures so similar to those contained in Vibrant's ads as to result in the likelihood of confusion and actual confusion in the mind of the consumer as to the origin of defendants' belt.

The belt primarily being shipped by Vibrant is black on one side and blue on the other, has a Velcro fastening system which is sewn onto the belt in a three box configuration which is visible from the front, and is made of material known in the trade as "R-1400-N." The only differences between the Vibrant and Shrink Wrap belts is that the latter is made of material known as "G-231-N" which is thicker, and that it is entirely black.

The difference in the color of the belts is insufficient to distinguish Shrink Wrap from Waist Away or to eliminate the likelihood of confusion in the mind of the

consumer. Since the belts are sold almost exclusively by mail orders originating from advertisements and since the advertisements published by the defendants show the belts only in black and white photographs, the difference in color between plaintiff's and defendants' belts is not perceptible to consumers. Furthermore, even if the advertisements demonstrated the difference in color between plaintiff's and defendants' belts, there is no proof, nor even a contention that the color has any functional significance.

The difference in materials is no more telling. While Daniel Herring, a sales representative for Rubatex Corporation which manufactures the material, testified that there are differences between the materials used by each party (including thickness, strength, stretch factor, return to original size, and cost (Tr. 620-46)) none of these factors was shown to have any impact on the effectiveness of the belts for their intended use or on its appearance to the consumer.

Moreover, Isaac Bikel, president of Vibrant, testified that in defendants' advertisements the shape of the stitching which holds the Velcro fastening system to the rubber belt was not a perfect square, that is, that the angles were not right angles. He further testified that the shape was peculiar to the products of the sewing machine he bought when Vibrant began its operations, describing the shape as a "fingerprint" which he could "recognize

... anywhere" (Tr. 227). We credit his testimony, and agree with his conclusion.

It is not surprising that since the belts differ only in color and material, they appear identical in black and white advertising -- and indeed they do.[4/] There can be no doubt, and we find, that defendants have used a photo graph of plaintiff's belt in defendants' advertisement with the result that the advertisement has actually confused and is likely to continue to confuse the public as to the source of origin of defendants' belt.

Moreover, the identical appearance of the belts in defendants' and plaintiff's advertisements is not the only source of confusion. The appearance of the models in the defendants' ads is also of such striking similarity to that of the appearance in the plaintiff's ads as to create a likelihood of confusing the public as to the origin of the designation of the products respectively advertised.

Finally, that defendants' sale and advertisements of Shrink Wrap are likely to confuse the public is clinched by evidence of actual confusion (which is a commodity rarely to be found). Vibrant has introduced letters from customers which read as follows, for example:

> "Just a word to let you know that I have not yet received my Shrink Wrap . . . I sent the check to Vibrant Sales ..."

(Plaintiff's Exhibit 31).

"I sent a money order for 1 shrink Wrap

> or Waist Away. ... The money order was made out to Vibrant Sales."

(Plaintiff's Exhibit 30).

> "You [addressed to New Body Boutique] used to go under the name of Vibrant Sales, under which alias you received and cashed a check from me as payment for a Shrink Wrap which I still have not received."

(Plaintiff's Exhibit 25-B).

Defendants argue that the thirty six letters introduced by Vibrant are de minimis in comparison to the volume of mail received by the parties. However, no proof of actual confusion is required to show a Lanham Act violation. It is rarely found and when such confusion is shown, it is overwhelming proof of the likelihood of confusion.[5/]

Next the defendants contend that because, according to them, "... the essential factor which triggers the applicability of Section 43(a) is that a defendant is 'palming off' its inferior and/or cheaper product" (Defendants' Post-Trial Memorandum of Law, p. 48), and because defendants' product is allegedly superior to plaintiff's, there can be no violation of the Act in the circumstances. But, putting aside the question of relative superiority between the two products, the argument misreads the Act. The Act proscribes false designation of origin, whether the product falsely designated is inferior or superior. While it is true that in perhaps a majority of Lanham Act cases the plaintiff happens to be the manufacturer of a superior

product attempting to protect his product's reputation by enjoining the manufacturer of a confusingly similar inferior product, it remains true that the Act proscribes all ads tending falsely to describe the designation of origin.

Finally the defendants assert that any similarity in advertising is an inevitable result of the nature of the product advertised. However, although they correctly maintain that Vibrant does not have an exclusive right to use a man and woman in bathing suits as models, there is nonetheless plenty of room for variance from Vibrant's advertisement within that framework to ensure that defendants' ads do not tend to confuse the public as to whose product is being sold. In any event, if it is not possible to advertise Shrink Wrap in a manner not confusingly similar to Vibrant's ads, then New Body may not advertise at all, since by so doing they violate the Lanham Act's mandate that the origin of a product may not be falsely designated.

Accordingly, we conclude that defendants have violated the Lanham Act (15 U.S.C. § 1125(a) by advertising Shrink Wrap in a manner which falsely designates its origin.

II. Breach of Contract

A. An Identical Belt

Paragraph 7(d) of the termination agreement provides:

"7. Neither the Purchaser nor Sellers nor MEA shall run competitive ads under the names of Waist-Away or any other name in the publications and issues thereof which are set forth in schedule A annexed hereto. No ads shall be placed by Purchaser in said issues and scheduled to run until the present Waist Away ads have appeared on a publication by publication basis. Subject to said restriction, the Sellers, MEA and any corporation or other entity organized by Sellers, shall be free without restriction or claim by the Purchaser, to sell, advertise, market, manufacture, distribute or promote, by mail order or otherwise, any product, including, but not limited to a reducing belt or other similar or related products, except that:

. . .

(d) A belt identical in all respects to the Waist-Away Belt currently being shipped by Purchaser shall not be marketed or manufactured by Sellers or MEA. For this purpose the parties hereto agree that belts differing in any respect whatever, including, but not limited to different fastening system, a different texture, dimensions, or otherwise differing in any respect whatever, shall not be deemed to be an identical product." (emphasis supplied)

The belt primarily being shipped by Vibrant at the time of the signing of the termination agreement was the blue and black belt described above.[6/] The question is whether the difference in material and color renders the Shrink Wrap not "identical" to the Waist Away within the meaning of the termination agreement, which in turn depends on the interpretation of that term in the contract.

Vibrant contends that the contract should be construed to authorize defendants to market a belt only when

it is materially different from its Waist Away, and that the Shrink Wrap belt is not materially different from the Waist Away belt. Defendants argue that during the course of the negotiations plaintiff's counsel demanded that the word "identical" be modified by the adverbs "materially" or "reasonably" and that the demand was rejected. (Tr. 513-15) From this history they conclude that the contract language must therefore be construed literally and that the differences between Vibrant and defendants' belts are sufficient to render them non-"identical" within the meaning of the contract.

To adopt defendants' interpretation of the contract that a manufacturer is free to sell to the public a product so long as it is not "identical in all respects" to the product of his competitor is unacceptable for two reasons: First, such an interpretation would for all practical purposes repeal pro tanto the public's right under the Lanham Act to be protected against false designation of origin. It is plain that if the defendant were allowed to manufacture a product which competed with plaintiff's but which deviated from it only in some infinitesimal way (a proposition which the defendants contend they are entitled to do under the contract) the public would probably be confused, and indeed that is precisely what has happened in this case. Second, the proposed interpretation violates principles of contract construction. The contract clearly

purports to confer a right of protection on Vibrant. Yet as defendants construe the contract, Vibrant's right to protection would be hollow and meaningless. For example, defendants' counsel testified that under defendants' construction of the contract, if the only difference between plaintiff's and defendants' belts was that the fastener on one had 1000 Velcro "hooks" while the other had 990, the defendants' belt would not necessarily be "identical" within the meaning of the contract. It would follow that defendants would be free to manufacture a belt, which, without the aid of a microscope no normal person could distinguish from plaintiff's product.

Such a reading simply would not be "'a fair and reasonable interpretation'", Pittsburgh Coke & Chemical Company v. Bollo, 421 F.Supp. 908, 928 (E.D.N.Y. 1976), aff'd, 560 F.2d 1089 (2d Cir. 1977) (quoting Aron v. Gillman, 309 N.Y. 157, 163 (1955)); Hutchins v. Bethel Methodist Home, 370 F.Supp. 954, 962 (S.D.N.Y. 1974), particularly since the contract was drafted by defendants' counsel, and must accordingly be construed against the defendants where, as here, it is ambiguous. Stern v. Satra Corporation, 539 F.2d 1305, 1310 (2d Cir. 1976).

In sum, defendants' proposed literalistic construction of the provisions of Paragraph 7(d) of the termination agreement is rejected. We construe that paragraph to limit defendants' authorization to market belts in com-

petition with the plaintiff only when defendants' belt is materially different from the belt which the plaintiff manufactured at the time of the agreement. Since we have found above that there is no material difference between the two belts as advertised, we conclude that the defendants have breached Paragraph 7(d) of the termination agreement by advertising and marketing the Shrink Wrap belt.

B. Likeness of the Persons

Paragraph 7(c) of the termination agreement prohibits defendants from using "the likeness of the persons depicted in the advertisement" which contained the original Vibrant photograph. Vibrant contends that defendants' advertising contains photographs which violate this provision. Defendants answer that since the models in their advertisement are not the same persons as those shown in Vibrant's, the contract has not been breached.

While defendants' argument has some appeal it does not prevail. It will be recalled that the contract was drafted by defendants' counsel. If the contract were intended to provide that the defendants were free to use any models other than the very persons appearing in the original Vibrant ad, one would have expected the contract to read accordingly. It does not. The language used bars the defendants from using the "likeness of the persons depicted in the advertisement" and the preferred definition of

the word "likeness" in Webster's Third New International Dictionary is "the quality or state of being like; resemblance; similarity." If this definition of the word "likeness" is applied -- and there is no reason why it should not be -- the contract phrase prohibits defendants from using the photographs of any persons who substantially resemble the models appearing in the Vibrant photograph.

There are other reasons why defendants' proposed interpretation of Paragraph 7(c) is unpersuasive. First, it would provide no practical protection to the plaintiff. Second, and more important, it would permit the publication by the defendants of advertisements which would tend to confuse the public as to the source of origin of the defendants' products and would thus controvert the proscription of the Lanham Act. Accordingly, we construe the language of Paragraph 7(c) to prohibit the defendants from using in its advertisements models who substantially resemble the models shown in the Vibrant photograph.

An examination of the photograph of the couple depicted in the Shrink Wrap advertisement establishes that they strikingly resemble the couple shown in the Vibrant photograph. For the reasons stated above, we therefore conclude that defendants have breached Paragraph 7(c) of the termination agreement.[7/]

* * * * * *

Vibrant contends that defendants' actions found here to violate the Lanham Act and the termination agreement, supplemented by other alleged conduct such as withholding Vibrant's mail, evinces defendants' acting in bad faith and engaging in unfair competition "bordering on the ruthless and vicious." However, it appears that defendants relying on the advice of their counsel, reasonably believed that the provisions of the termination agreement permitted them to act as they did. Accordingly, we find that defendants did not act in bad faith in pursuing their course of conduct.

* * * * * *

In sum, we conclude that defendants have violated section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and breached the termination agreement of March 31, 1980 by marketing Shrink Wrap and by advertising it in a manner which tends falsely to designate its origin. The plaintiff is entitled to a permanent injunction barring such actions by the defendants.

Submit decree on notice.

Dated: New York, New York
Sepember 9, 1980

MORRIS E. LASKER
U.S.D.J.

FOOTNOTES

1. Vibrant contends that it owns the Waist Away trademark; defendants argue that Vibrant knowingly falsely represented its ownership of "Waist Away" and that in fact the trademark belongs to Isaac Berger. Since ownership of a trademark is not necessary to succeed on either the contract or Lanham Act claims here, we make no finding as to Vibrant's proprietary interest in the trademark "Waist Away."

2. The purchase price is to be computed by means of a formula based on uncollected gross receipts and rental of customer lists, minus $20,000 and a specified amount per belt shipped by Vibrant to fill joint venture orders.

   Isaac Bikel's estimation of the purchase price at approximately $1,250,000 (Affidavit of Isaac Bikel, sworn to May 28, 1980) is uncontradicted.

3. Vibrant appears not to press its state law claim for trademark dilution alleged in the complaint.

4. Compare Exhibit D and Exhibit G attached to Affidavit of Isaac Bikel, sworn to May 28, 1980.

5. Defendants argue that any confusion has been created by Vibrant's advertising a black belt and shipping a blue and black belt. However, since the color of the belt does not appear in the primarily black and white advertisements this would not tend to confuse the public. Furthermore, since the same practice was followed by defendants as partners to the joint venture they may be estopped from raising this claim now.

   Defendants contend that since the source is clearly noted on their advertisements, they cannot be said to have created a likelihood of confusion. We disagree that this fact ends the inquiry into the similarities between the parties' advertisements. Rather, it is one factor to be assessed with the others noted.

6. There is substantial dispute over whether "the belt currently being shipped by [Vibrant]" was black on both sides or black on one side and blue on the other. Vibrant's employee, Galpert, testified that most of the belts Vibrant was then shipping

were blue and black and infrequently a completely black belt was sent. Defendants argue, based on Vibrant's rubber invoices and incomplete sales records, that Vibrant had no black rubber left by March 31, 1980 so that the "belt currently being shipped" and referred to in the contract was the blue and black belt. Since the figures on which defendants rely are inconclusive on this point and since Galpert's testimony is otherwise uncontradicted we find that Vibrant was shipping primarily the blue and black belt and occasionally the completely black belt. However, our conclusion that defendants breached the contract does not rest on this finding because we find in the text above that the differences between plaintiff's and defendants' belts are not material.

7. Defendants claim that Vibrant breached the termination agreement by bringing this lawsuit. Apparently, defendants rely for this proposition on the following language from the contract:

> "Subject to said restriction, the Sellers, MEA and any corporation or other entity organized by Sellers, shall be free, without restriction or claim by the Purchaser, to sell, advertise, market, manufacture, distribute or promote, by mail order or otherwise, any product, including but not limited to, a reducing belt or other similar or related products, except that:"

Following this language is a list of restrictions on defendants' sphere of competition, including those alleged to have been breached here. Since Vibrant is suing on those alleged breaches, the quoted language does not prevent Vibrant from bringing this suit, and defendants' position is without merit.

Vibrant argues that the termination agreement is unenforceable because defendants coerced Vibrant into entering it by refusing to turn over Vibrant's mail (which is crucial to the continued survival of a mail order business) unless the agreement was signed. Defendants respond that the mail was withheld because Vibrant had stopped payment on certain checks. There is evidence to support both positions. Because Vibrant prevails here on its claim for breach of the termination agreement, we need not and do not decide the question.

Opposition

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No. 81-1006

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

VIBRANT SALES, INC.,

Petitioner,

—against—

THE NEW BODY BOUTIQUE, INC.,
MAXIMUM EXPOSURE ADVERTISING INC.,
HARVEY S. FISHMAN and AVRAM C. FREEDBERG,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Respondents, The New Body Boutique, Inc. Maximum Exposure Advertising, Inc., Harvey S. Fishman and Avram C. Freedberg, respectfully submit this Brief in Opposition to the Petition for a Writ of Certiorari.

PRELIMINARY STATEMENT

By decision dated June 29, 1981 (reported at 652 F.2d 299), the United States Court of Appeals for the Second Circuit unanimously reversed the decision of the United States District Court for the Southern District of New York dated September 9, 1980 (reported at 596 F. Supp. 854). After a petition for rehearing en banc was unanimously denied by the Second Circuit, plaintiff-appellant has petitioned this Court for a Writ of Certiorari. Defendants-Appellees respectfully submit this Brief In Opposition to the Petition. As shall be set forth more particularly below, the Second Circuit's decision in this action (i) remains consistent

with a steady line of case law construing the scope of protections afforded by Section 43(a) of the Lanham Act (15 U.S.C. §1125(a)); (ii) reiterates the clear and vital distinctions between patent protection, on the one hand, and the scope of permissible trademark protection, on the other; and (iii) served to correct a grievously erroneous decision in the District Court.

STATEMENT OF THE CASE

By letter agreement dated September 4, 1979 (the "Joint Venture Agreement"), Vibrant Sales, Inc. (at various times referred to as "Petitioner" or "Vibrant") and Maximum Exposure Advertising Inc. ("MEA") entered into a Joint Venture pursuant to which Petitioner was to manufacture and MEA was to market a waist-reducing belt advertised under the name WAIST AWAY. Significantly, the name WAIST AWAY was not, and had never been registered as a trademark by Petitioner nor was the belt itself the subject of any trademark (notwithstanding the representations by Vibrant to the contrary contained in the Joint Venture Agreement) or patent registration.

Due primarily to MEA's marketing expertise, MEA turned what

can only be described as a "two bit" operation into a vastly successful nationwide mail order concern with annualized gross receipts in excess of $3,000,000. Despite the success of the Joint Venture, Vibrant, in a bold faced attempt to garner all of the profits of the business to itself, attempted to unilaterally terminate the Joint Venture in direct violation of the Joint Venture Agreement. In the face of Vibrant's avariciousness, MEA had no choice but to negotiate an equitable termination of the Joint Venture. Painstaking negotiations finally resulted in an agreement dated March 31, 1980 (the "Termination Agreement").

Pursuant to the Termimation Agreement, Fishman and Freedberg, the sole shareholders of MEA and assignees of MEA's interest in the Joint Venture,

sold all of their interest in the Joint Venture to Vibrant. As part of the consideration therefor, the Termination Agreement provided that Fishman and Freedberg and any entity they organized would be "free, without restriction or claim by [Vibrant] to sell, advertise, market, manufacture, distribute or promote by mail order or otherwise" a competing waist reducing belt subject only to the following four carefully delineated restrictions:

(a) The name "Waist Away" could not be used;

(b) The name "Vibrant" could not be used;

(c) The "likeness of the persons" -- two particular models who had appeared in Vibrant and Joint Venture advertisements, photos of

whom were annexed as an exhibit to the Termination Agreement -- could not be used; and

(d) A "belt identical in all respects to the Waist Away belt currently being shipped by Purchaser" (Vibrant) could not be marketed or manufactured by Sellers or MEA.

Significantly, as the trial clearly demonstrated and the Court of Appeals expressly found, the belt referred to in the Termination Agreement i.e., "the belt currently being shipped" by Vibrant, was blue nylon on one side and black rubber on the other; was constructed primarily from material known as R-1400-N rubber; was approximately 1/8 inch thick; and was fastened

by a hook and loop fastening system commonly known as VELCRO.

Prior to the commencement of the Joint Venture and prior to execution of the Termination Agreement, Vibrant had marketed an all black, all rubber product which was made of a superior material (G-231-N) and was of greater thickness. However, manufacture and sale of that belt had been abandoned in favor of the cheaper blue/black product in October of 1979, some five months prior to the termination of the Joint Venture.

Once the Termination Agreement had been signed, Fishman and Freedberg proceeded to do that which it specifically provided that they could do; that is, they formed New Body Boutique, Inc. ("New Body") and began manufacturing and marketing a competing product called SHRINK WRAP.

The Shrink Wrap belt was by no means identical to "the belt currently being shipped" by Vibrant as of the date of the Termination Agreement. In fact, it was substantially different in that it was (1) made entirely of rubber; (2) was 50% thicker; (3) contained no nylon; (4) was stronger; (5) had a greater stretch factor; (6) was a different color; and (7) cost 50% more to manufacture since the rubber used, considered top of the line, was substantially more expensive than the rubber used in Vibrant's belt which was the "lower end of the line."

Defendants never used the name Waist Away or Vibrant in their advertisements nor did they ever use photographs of the models referred to in the Termination Agreement.

Nonetheless, Petitioner commenced this action under §43(a) of the Lanham Act, seeking to enjoin MEA from manufacturing, advertising, marketing or selling the Shrink Wrap belt.

THE DECISIONS BELOW

In what can only be described as an egregious misinterpretation of both §43(a) of the Lanham Act and the Termination Agreement, the trial court found against defendants on the Lanham Act claims and in effect rewrote the Termination Agreement to conform to an erroneous view of what the federal law of unfair competition and the Lanham Act sought to proscribe.

As the Court of Appeals found, the District Judge's opinion proceeds from a entirely faulty premise, i.e., that §43(a) of the Lanham Act prohibits a second entrant into the relevant market from copying a first

entrant's product even if that product is unpatentable and incapable of sustaining a claim of secondary meaning because the design features sought to be protected are purely functional. Thus, despite (i) the absence and indeed the impossibility of any showing of secondary meaning; (ii) the absence of any patent rights in "the belt currently being shipped" or in the prior belt shipped by Vibrant; and (iii) a finding by the trial court that the aforementioned differences between the competing belts did, in fact, exist, the District Judge held that defendants had violated §43(a) because:

> (1) "The difference in color of the belts is insufficient to distinguish SHRINK WRAP from WAIST AWAY as to elminate the likelihood of confusion in the mind of the consumer.

(2) Even if the advertisements demonstrated the difference in color betweeen plaintiff's and defendants' belts, there is no proof, nor even a contention that the color had any functional significance.

(3) None of these factors (thickness, strength, stretch factor, return to original size and cut) was shown to have any impact on the effectiveness of the belts for their intended use or on its appearance to the consumer.

This erroneous concept of the meaning of §43(a) was carried over into the trial court's findings with respect to the breach of contract claims. Despite the clear and unambiguous language which allowed defendants to market a competing product so long as it was not "identical in all respects to the Waist Away Belt currently being shipped" by Vibrant, the District Judge held that the Termination Agreement

had been breached since defendants' belt was not "materially different than" Vibrant's product. The stated justification for this tortured and erroneous construction was that "[t]o adopt defendants' interpretation of the contract that a manufacturer is free to sell to the public a product so long as it is not identical in all respects to the product of his competitor is unacceptable . . . for such an interpretation would for all practical purposes repeal pro tanto the public's right under the Lanham Act to be protected against false designation of origin."

Thus the District Judge's opinion, in direct contradiction to this Court's seminal decisions in Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234

(1964), granted a perpetual patent in a non-patentable product, and ignored basic tenets of trademark law in that it granted trademark protection to completely functional design features incapable of supporting a claim of secondary meaning.

These errors were corrected by a unanimous Court of Appeals which reversed the trial court's decision in its entirety. At the very outset of its opinion, the Court of Appeals correctly held that:

> Since Vibrant's Lanham Act claim alleged that defendants' actions amounted to a false designation of origin, a violation could only have been made out if it had been shown that the Vibrant's "Waist Away" belt (which defendants allegedly copied) had acquired secondary meaning and that the features allegedly copied were non-functional in nature. No such finding was or could have been made.

Vibrant Sales, Inc. v. The New Body Boutique, Inc., 652 F.2d 299, 301 (2d Cir. 1981).

In amplifying upon its decision, the Court of Appeals astutely pointed out that the "district court, apparently laboring in the belief that evidence of mere confusion was sufficient to justify invoking §43(a) to support a claim of false designation of origin with respect to a product having no registered mark, overlooked or ignored the requirement of secondary meaning and non-functionality."

The Court of Appeals emphasized that the plaintiff's failure to adduce any evidence that "its product's appearance or method of advertising had acquired secondary meaning" justified dismissal of the Lanham Act claims. Nonetheless, the Second Circuit discussed the issue of functionality:

> All of the design elements cited by plaintiff as making its product unique (the particular rubber used, the Velcro fastener, the graduated

> sizes, the belt's alleged reversibility and the "distinctive 3 box configuration on the front" produced by the stitching which attaches the Velco strips to the belt) are functional and therefore subject to copying. None of the features mentioned could properly be classified as "mere arbitrary embellishment... adopted for purposes of identification and individuality (citations omitted). They are therefore beyond the scope of protection which §43(a) affords.

Vibrant, supra, at p. 304.

Finally, the Court of Appeals disagreed with the District Judge's erroneous view of the standard under which the use of a photograph of another's product in an advertisement may be actionable under §43(a). The Court of Appeals correctly observed that:

> Although such conduct may give rise to liability, it is not automatic. One who uses a photograph of his competitor's unpatented and untrademarked product to advertise his own wares may be guilty of false representation if the product pictured is not

identical to the one he is prepared to deliver. This was central to the Third Circuit's seminal decision in L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F.2d 649 (3rd Cir. 1954), where the defendant made use of a picture of the plaintiff's $17.95 dress to advertise its own inferior $6.95 dress. Second, he may be vulnerable to a charge of false designation of origin if the features pictured in the photograph are non-functional and have acquired the secondary meaning necessary to indicate origin to the typical consumer. See, e.g., Crossbow, Inc. v. Dan-Dee Imports, Inc., 266 F. Supp. 335 (S.D.N.Y. 1967), where the defendant carefully copied the plaintiff's popular signal light and, because of its distinctively novel design, its copies were widely believed to have been made by the same manufacturer as the heavily advertised original.

On the facts of this case, defendants cannot be said to have commited either sin. Unlike the dressmaker in L'Aiglon, defendants admittedly shipped exactly what they depicted in their ads (citations omitted). And, unlike the copier of novelty

> lights in Crossbow, defendants are not trading improperly on an existing market impression that its goods are actually those manufactured by plaintiff, because there was no showing of secondary meaning here.

Vibrant, supra, at p. 304.

Indeed, as the Court of Appeals expressly found, there could be no showing of secondary meaning since the features which Petitioner cited as making its product distinctive were purely functional and therefore incapable of any protection whatsoever.

In turning to the breach of contract claims, the Court of Appeals recognized that the District Court's tortured interpretation proceeded from an erroneous conception regarding the scope of protections afforded by 43(a):

> At the outset, since defendants did not violate the Lanham Act by selling a belt which consumers might have

> difficulty distinguishing from plaintiff's original belt, the court's concern that a straightforward interpretation of the Agreement would repeal pro tanto "the public's right under the Lanham Act to be protected against false designation of origin" is unfounded. When the Agreement is examined within its four corners, free from any concern that Lanham Act protection must be "saved", the lower court's reading becomes untenable. The Agreement clearly grants to defendants the right to market a waist-reducing belt in the future as long as it is not "identical in all respects" with the Waist Away being shipped on March 31, 1980. Even a casual examination of the two belts demonstrates that they are not identical in all respects and in fact differ substantially in appearance, texture and construction.

Vibrant, supra, at p. 305.

REASONS FOR DENYING THE WRIT

1. Far from Emasculating Section 43(a) of the Lanham Act, the Second Circuit's Decision Reaffirms and Reestablishes Black Letter Law Concerning the Line of Demarcation Between Patent Protection and Trademarks.

Far from emasculating §43(a) of the Lanham Act, the Second Circuit's unanimous reversal of the District Court decision preserves the delicate balance between patent protection on the one hand and trademark protection and the law of unfair competition on the other. Although complex, that balance has been clearly defined and carefully delineated by the relevant cases beginning with this Court's decisions in Sears and Compco, supra. Those companion cases clearly establish that in the absence of a registered patent, functional

design features of a product may be copied by a second entrant with impunity. If this were not the case, the law of patents would be swallowed up by §43(a) of the Lanham Act; and instead of exclusive rights being granted to an invention for a finite period of time (patent protection), one could maintain exclusive rights forever under §43(a) of the Lanham Act. Clearly, this is not the law. Instead, if design features of a product are basically functional but do not represent that quantum of invention necessary for patent entitlement, society benefits by allowing all to copy those features down to their minutest detail from their first appearance.

Trademark rights come into play only where the features copied are non-functional and serve to

identify the product with its source in the mind of the consumer, i.e. secondary meaning.

The Court of Appeals clearly recognized these interrelationships in holding that before defendants could be enjoined from copying Vibrant's belt, the design features sought to be copied (i) had to be non-functional and, if non-functional, (ii) had to have achieved secondary meaning in the relevant market. See e.g. Truck Equipment Service Company v. Fruehauf Corporation, 536 F.2d 1210 (8th Cir. 1976); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd., 604 F.2d 200 (2d Cir. 1979); Ives Laboratories, Inc. v. Darby Drug Co., Inc., 601 F.2d 631 (2d Cir. 1979); Bose Corporation v. Linear Design Labs, Inc., 467 F.2d 304 (2d Cir.

1972); Societe Comptoir de L'Industrie Contonniere Establissement Boussac v. Alexander's Department Stores, Inc., 299 F.2d 33 (2d Cir. 1962); Bliss v. Gotham Industries, Inc., 316 F.2d 848 (9th Cir. 1963); Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952). Neither showing was or could have been made by Vibrant, thus disposing of its claims.

What the trial court had done in ignoring the aforementioned prerequisites to §43(a) protection was to grant, under the guise of the Lanham Act, a perpetual patent in a clearly unpatentable product by granting trademark status to purely functional design features. Such a result is completely unsupported by any commentary or case law construing the scope of § 43(a).

2. The Use of A Picture of Another's Product in an Advertisement for One's Own, Does Not State a Per Se Violation of Section 43(a).

The main thrust of the petition appears to be Vibrant's assertion that the use of a picture of another's product to advertise one's own product states a per se violation of §43(a) of the Lanham Act and that the Court of Appeals erred in not so holding. The simple answer is that this is not and has never been the law. In fact, the Court of Appeals simply followed a strong line of decisional authority in holding that the use of a picture of another's product is actionable only where (i) the product depicted in the ad is not, in fact, the product being shipped by the advertiser, i.e. a misrepresentation, or (ii) the product depicted has certain unique non-func-

tional and therefore protectable design features which also have achieved secondary meaning in the marketplace. Neither situation was presented in this case.

Vibrant's statement at page 10 of its Petition that "this is the first case of which we are aware in which any Federal court has held that it is not a violation of Section 43(a) of the Lanham Act by a defendant to attempt to market his product by use of a photograph of another's....", reveals only that Petitioner's research techniques leave something to be desired. One need only examine the decisions in Commodore Import Corporation v. Hiraoka & Company Ltd., 422 F. Supp. 628 (S.D.N.Y. 1976); Blazon, Inc. v. Deluxe Game Corp., 268 F. Supp. 416 (S.D.N.Y. 1965); L & L White Metal Casting Corp. v. Joseph, 387 F. Supp.

1349 (E.D.N.Y. 1975); and George O'Day Associates, Inc. v. Talman Corp., 206 F. Supp. 297 (D.R.I. 1962) aff'd, 310 F.2d 623 (1st Cir. 1962); each of which clearly supports the Court of Appeals analysis on this issue.

Ironically, even the cases cited at page 18 of the Petition do not support Vibrant's position on this issue. Rather they lend further credence to the Second Circuit's holding that the use of another's product to advertise one's own is only actionable if (i) one is not shipping what one is depicting in one's advertisements or (ii) the product depicted is unique, non-functional and has achieved secondary meaning in the relevant market.

In Bangor Punta Operations, Inc. v. Universal Marine Company, Ltd. 543 F.2d 1107 (5th Cir. 1976), defendants had misappropriated plaintiffs

trade secrets with respect to a distinctive trawler design and had used a picture of plaintiff's trawler to advertise its own product which sold for $20,000 less and was found by the court to be "cheaper and inferior". Bangor, supra, at p. 1109. Thus Bangor, supra, falls squarely within the rule of law established in L'Aiglon, supra, that one cannot use a picture of another's clearly superior product to advertise one's own inferior wares since one would then be depicting one thing while shipping another.

Ebeling & Reuss Co. v. International Collector Guild, Ltd. 462 F. Supp. 716 (E.D. Pa. 1978), also relied on by Petitioner, is to the same effect. Again the Court found a violation of §43(a) only after it was shown that defendants had used in their advertisements a product far

superior and different from the product actually being shipped to the public.*

Crossbow, supra, also supports the Second Circuit's position rather than Petitioner's and in fact is relied upon in the challenged opinion. In Crossbow, supra, both sins identified by the Second Circuit had been committed in that (i) the product depicted

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* Ideal Toy Corporation v. Fab-Lu, Ltd. 261 F. Supp. 238 (S.D.N.Y. 1966) and National Dynamics Corporation v. John Surrey, Ltd., 238 F. Supp. 422 (S.D.N.Y. 1963) also support both the holding and the reasoning behind the Second Circuit's opinion. In Ideal Toy, supra, not only did defendant use a picture of a superior product to advertise its inferior imitation (i.e. it was not shipping what was depicted), but the product shown was unique and had achieved secondary meaning. In National Dynamics, supra, again the sin committed was a misrepresentation since the product shown in the challenged advertisement was markedly different than the product actually shipped.

in defendant's advertisements was superior in quality and substantially different than the product defendants were in fact shipping, and (ii) plaintiff's product had unique design features which had achieved secondary meaning.

3. The Second Circuit's Opinion is Entirely Consistent With Seminal Decisions In This Area of the Law Rendered By the Eighth and Third Circuits.

Petitioner contends that this Court's supervisory power should be invoked because of a conflict between this decision and the Eighth Circuit's opinion in Truck Equipment Service Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir. 1976), cert. denied 429 U.S. 861 (1976) and the Third Circuit's opinion in L'Aiglon, supra. In fact, there is

no conflict whatsoever, the Second Circuit specifically relying on both Truck Equipment Service Company, supra, and L'Aiglon, supra, in reaching its decision.

Petitioner's myopic reading of Truck Equipment Service Company, supra, ignores completely the vital pre-requisites to a §43(a) claim enunciated by the Eighth Circuit and specifically adopted by the Second Circuit herein. True, defendant in Truck Equipment Service Company, supra, had used in sales advertisements a photograph of another product misbranded to appear as its own. However, that, along with the copying of plaintiff's product, was only held actionable because the product itself (i) had unique nonfunctional design features, and (ii) these design features had achieved secondary meaning in the relevant market. Thus, what defendant

in Truck Equipment Service Company, supra, could not copy it also could not depict in its advertising literature.

Here, however, the product itself was not unique, was not protectable, the "design features" were completely functional and therefore could not have achieved a trademark status and no showing of secondary meaning was or could have been made. The absence of these, there prerequisites, places this case within the well established rule of law which states that the use of another's product for advertising purposes is not actionable provided the product configuration may be copied and has not achieved secondary meaning and provided further that what appears in one's advertisements is the same product that one is actually shipping to the public. L & L

White Metal Casting Corp. v. Joseph, supra; George O'Day Associates, Inc. v Talman Corp., supra; and Mastro Plastics Corp. v. Emenee Industries, Inc., 16 A.D.2d 420, 228 N.Y.S.2d 514 (1st Dep't 1962).

Petitioner's misreading of the relevant case law continues unabated in its stated belief that the present decision runs afoul of the rule of law established in L'Aiglon, supra. Petitioner sees a conflict where there is none.

In L'Aiglon, supra, defendants used a picture of plaintiff's dress to advertise its own vastly inferior and cheaper product. Essential to the Third Circuit's holding was that, there, defendants were falsely describing their own product by depicting a much more expensive dress

which they were not in fact prepared to ship. The sin in L'Aiglon, supra, was not a false designation of origin as Petitioner seems to argue but rather a "false description or representation" concerning one's own product.* In discussing L'Aiglon, supra, the Second Circuit does not avoid or distinguish that case but rather embraces and approves the rule of law therein established by stating that:

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* That L'Aiglon, supra, deals only with the misrepresentation leg of §43(a) and not with a "false designation of origin" is made patently clear by the Third Circuit's recitation of the relevant portions of §43(a):

> It (§43(a)) states in relevant part that a "Any person who shall use in connection with any goods . . . any false description description or representation, including words or symbols tending falsely to

(footnote continued)

> One who uses a photograph of his competitor's unpatented and untrademarked product to advertise his own wares may be guilty of false representation if the product pictured is not identical to the one he is prepared to deliver.

The problem with Petitioner's argument is that the holding of L'Aiglon, supra, concurred in by the Second Circuit, is simply inapplicable to the present case because - as all parties have admitted - the product

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(footnote continued)

> describe or represent the same, and shall cause such goods . . . to enter into commerce, shall be liable to a civil action by any person . . . who believes that he is likely to be damaged by the use of any such discription or representation".

Note that those portions of §43(a) dealing with a "false designations of origin" are expressly excluded.

shown in defendants advertisements was precisely the product defendants in fact were shipping to the purchasing public.** Ironically the only party

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** Although the present action by Vibrant clearly sought to allege a false designation of origin on the part of defendants, the Second Circuit took the time to consider whether, given the facts elicited at trial, a cause of action could have been made out for violation of the misrepresentation leg of §43(a). The result was the same. Defendants had done nothing violative of either of the prohibitations of §43(a) of the Lanham Act. The Court stated:

> Throughout this action, plaintiff has placed its reliance on the false designation of origin leg of §43(a), where the requirements of secondary meaning and non-functionality clearly exist. However, even if the action had been pursued as one for false description or representation (where admittedly the concepts of secondary meaning and non-functionality are not relevant) plaintiff could not have succeeded. None of the allegations in plaintiff's complaint which could have been read as applying to a false description or representation case would lead to relief. Paragraphs

(footnote continued)

in violation of the misrepresentation leg of §43(a) was Petitioner since it continued to depict in its advertisements an all black, all rubber, thicker, stronger, more elastic and superior girth-reducing belt when in fact it had long since

(footnote continued)

29, 34, and 35, which essentially allege that defendants' ads "wrongfully, unfairly and deceptively admon'sh[ed] the public: 'Don't be fooled by look-alikes that deliver less'" would not be helpful to plaintiff, because disparagement of another's product is not cognizable under §43(a). See, e.g,. Bernard Food Industries, Inc. v. Dietene Co., 415 F.2d 1279 (7th Cir. 1969), cert. denied, 397 U.S. 912 (1970). Paragrah 36, which complains that defendants' actions diluted the value of plaintiff's reputation and good will, would also not have supported plaintiff's Lanham Act claim, because it was undisputed at trial that defendant's product was at least as good as any belt sold by plaintiff. (Vibrant, supra, at p. 303 n. 3).

ceased the manufacture of that product and was instead filling orders with a part rubber, part blue nylon and vastly inferior product.

Turning from a strict reading of the cases to a common sense application of the rules of law therein established, the logic of the Second Circuit's approach to this issue is impeccable. If a product is not patentable because of the functionality of its design features, a second entrant is free to copy it down to the minutest detail. Thus the use of a picture of the first entrant's product in advertisements for the second entrant's product simply cannot be objectionable since it is essentially the same product being sold by two different manufacturers.

Similarly, the public is not being deceived provided that it in fact

receives what it saw in the advertisement and ultimately ordered. This is precisely the situation considered by the Second Circuit whose opinion is not only consistent with prior case law, but consistent as well with the policy behind §43(a) of the Lanham Act.

CONCLUSION

As demonstrated above, the Second Circuit's opinion is entirely consistent with the seminal decisions of both the Third and Eighth Circuit's in this area and, perhaps more significantly, preserves the lines of demarcation between patent rights, trademark protection and the law of unfair competition.

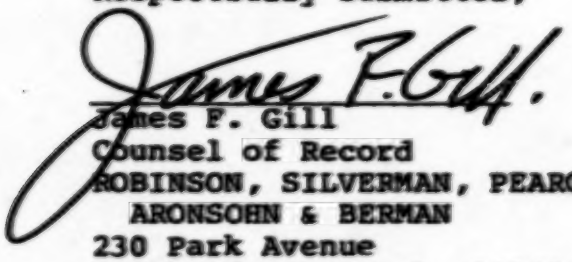
The reliance on Senate Report No. 1333, 1946 U.S. Code Cong. Serv. pp. 1274-75 quoted in full at pages 19-20 of the Petition serves to underscore

Petitioner's confusion with regard to the scope of permissable trademark protections. Defendants agree with that part of the Senate Report which states that "Trade-marks are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other."

However, what Petitioner fails to grasp is that neither the product nor the advertisements therefor were capable of trademark protection, commonlaw or otherwise. The WAIST AWAY belt and each of its constituent elements was unpatentable on the one hand yet completely functional on the other. As such it could be copied with impunity and could not sustain a claim of secondary meaning even had proof of such been attempted.

The law has been well settled in this area and the opinion of the Second Circuit merely contributes a well reasoned exposition thereof. In view of the above, a Writ of Certiorari should not be granted.

Respectfully submitted,



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